



Department of Health

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Agency of Human Services

Commissioner John P. Crowley
Department of Banking, Insurance, Securities
& Health Care Administration
89 Main St. Drawer 20
Montpelier, VT 05620-3601

June 19, 2006

Dear Commissioner Crowley:

Pursuant to 18 V.S.A. § 9440(c)(2), I am writing to inform you that the Agency of Human Services intends to file a Conceptual Certificate of Need application for construction of a new inpatient facility, and renovations to current psychiatric hospital units, to replace the current Vermont State Hospital. We have arranged for the publication of notice of this letter of intent in Vermont newspapers of general circulation.

We understand that the Conceptual Certificate of Need is a preliminary process by which the applicant gains approval of the general project concepts, including need, in order to conduct a detailed planning process. If the Conceptual CON is granted, we will develop a second CON application that will address location, building design and costs among other items.

The Project:

The Vermont Mental Health Futures Plan calls for the continued transformation of our service system towards a consumer-directed, trauma-informed, and recovery-oriented system of mental health care. The core of the plan creates new investments in essential mental health community capacities, and reconfigures the existing 54-bed inpatient capacity at the Vermont State Hospital into a new array of inpatient, rehabilitation, and residential services for adults. This plan is consistent with Vermont's long history of establishing strong community support systems and reducing our reliance on institutional care. The fundamental goal is to support recovery for Vermonters with mental illnesses in the least restrictive and most integrated settings.

The existing facility for Vermont State Hospital (VSH) is inadequate. This creates challenging conditions for patients and staff every day. The Agency of Human Services seeks approval to plan to construct a new primary inpatient psychiatric care facility to replace existing capacity at the Vermont State Hospital. The Futures Plan has identified the Fletcher Allen Health Care campus in Burlington as the optimal site for a replacement facility, and accordingly, the Agency is engaged in collaborative discussions

with Fletcher Allen and other stakeholders to explore the feasibility of site locations on that campus.

In addition, the Agency seeks approval to plan to develop expanded inpatient capacity through renovation of existing facilities at Rutland Regional Medical Center and Retreat Healthcare, in partnership with those institutions.

The replacement of Vermont State Hospital (VSH) services is proposed to take place within the context of the system's transformation towards care that is more integrated with the rest of medical care, and that emphasizes reduced reliance on inpatient care.

The plan to replace the current VSH in partnership with other inpatient partners has been developed by a multi-stakeholder advisory committee that has met for over two years. The core policy considerations driving this concept are:

- Integration of psychiatric inpatient care with general inpatient care to improve clinical services and reduce the stigma and isolation currently associated with care at VSH,
- To co-locate all of Vermont's tertiary-level psychiatric inpatient care with Vermont's only tertiary hospital,
- To help insure the financial sustainability and affordability of the service by securing federal participation in the ongoing operating costs of the program.

The Need:

The need to replace VSH has been clearly demonstrated. Even in the face of continuing investments in renovation, the VSH facility in Waterbury remains inadequate. The buildings are old and the rooms narrow, with poor heating and ventilation systems. All units are cramped and there are no comfortable places for family visiting, program activities or physical activity. The space for patients to meet with professional staff, for individual counseling, for instance, is also inadequate. There are no quiet areas designed for patients who want time alone, away from others who are agitated, loud, or in other ways disruptive. There is little natural lighting in rooms or hallways, and the hallways are too narrow to allow for the transfer of restrained patients on regular beds; bath and toilet facilities are not available in the rooms, but are in one location with multiple toilets and showers. Equally important, the program operates apart from a general medical service with the consequence that inpatient psychiatric clients have less access to diagnostic and treatment resources than all other Vermonters in inpatient care have.

The Legislature, the Futures Advisory Committee, the Centers for Medicare and Medicaid Services, the United States Department of Justice and the Vermont State

Employees Association all agree that a new facility is needed. Even so, the existing network of psychiatric inpatient programs in Vermont relies on the tertiary level of care provided uniquely at VSH. Therefore, creating a new inpatient service and implementing the Futures Plan is among the highest priorities set by Governor Douglas.

Addressing these issues will require significant enhancement of the relationships among general hospitals, VSH and the community providers. Because the current facility is antiquated and does not conform architecturally to current inpatient standards, it must be replaced. Replacing the existing VSH facility gives Vermont a rare opportunity to establish a new state-of-the-art psychiatric intensive care program.

Area Served

The area served by this project will be the entire state.

The Anticipated Project Cost

We anticipate that these projects will require a total capital expenditure in excess of \$20,000,000. Therefore, pursuant to 18 V.S.A. § 9434(e), the Agency of Human Services will be required to file an application for a conceptual development phase certificate of need.

Age of Current Facility

Vermont State Hospital was built in 1939. Although the State has invested significant dollars in the last couple of years to provide a facility that is safe for patients, it is undeniable that the hospital is outdated and must be replaced. We expect that the newly constructed facility will have a life expectancy of fifty years.

Summary

Vermonters, hold a broad common vision regarding mental health care: we expect services to be of high quality and to be provided in a holistic, comprehensive continuum of care, where consumers are treated at all times with dignity and respect, where individual rights are protected, where public resources are allocated efficiently and produce the best positive outcomes, and where direct services overseen and provided by the Agency of Human Services and its community partners are person- and family-centered and driven, are accessible, and are culturally competent. We also share the understanding that all interventions must reflect the most integrated and least restrictive alternatives necessary.

Letter of Intent to File Conceptual CON
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I believe this Letter of Intent satisfies your requirements for the Conceptual CON process. If you have any questions or require further information, please contact:

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Yours truly,

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